

Smartmatic Group Report





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A word from our CEO



Antonio Mugica
CEO, Smartmatic

"Since its foundation, Smartmatic has developed technology to help societies become more efficient and transparent"

Some years ago when we started this business, we were confident that it would grow into a significant operation transcending frontiers and reaching large proportions. Today I am proud to say we are a leading global provider of state-of-the-art voting products and services and of other novel technology solutions as well.

Our current three technology solutions contribute to the progress of communities and facilitate the long roads governments have to walk to become effective. Our SAES family of products seeks to strengthen democracy around the globe. USP seeks to increase public safety and emergency management. SIMS is designed to register and authenticate personal biographic and biometric data efficiently and reliably, eliminating identity fraud and the blights it creates on society.

I look forward to implement our ambitious strategies over the coming years, and to develop wider opportunities for our technology and services.



I. Smartmatic Company Overview

We are one of the fastest growing high tech companies in the world

1.1 Company Highlights

Smartmatic is a privately-owned, multinational company that designs and deploys end-to-end, custom technology solutions to enable government agencies and large enterprises to fulfill their missions with the utmost efficiency. It is one of the largest cutting-edge technology suppliers, with a wide and proven experience in the United States, Latin America, Asia and the Caribbean.

Smartmatic aims to help societies become more efficient and transparent, through technological innovations and is responsible for several advanced and leading edge innovations incorporated in its three business areas: electronic auditable voting systems, intelligent and integrated safety platforms, and advanced solutions for people registration, authentication and census to support a wide range of government requirements.

The company has more than 300 professionals distributed in offices in United States, Barbados, Venezuela, Spain, Philippines and Taiwan.

Since its inception, Smartmatic has demonstrated a commitment to excellence in engineering and a passion to create new efficient solutions. This distinguishing quality of passion is at the core of Smartmatic's drive to improve our world. Smartmatic's vision: *We imagine technology with profound social impact raising our civilization.*

1.2 Legal Structure

As a leading global provider of voting products and services, and technology solutions, Smartmatic has an international ownership structure comparable to other multinationals. The Smartmatic Group is a Netherlands/Netherlands Antilles Corporation which owns several subsidiaries located in United States, Netherlands, Venezuela, Ecuador and Barbados.

1.3 Brief History

- 2004 After a technical review, our Smartmatic Auditable Election System (SAES) technology is purchased by the Venezuelan electoral board. The voting receipt is used for the first time in a nationwide election.
- 2005 We reached 26 million votes in four elections and our technology is validated by different organizations such as the Carter Center, the OAS and the European Union.
- 2006 Smartmatic technology is used in the United States through Sequoia Voting Systems, a leading electronic voting system company in the United States. Between 2005 and 2006, Smartmatic generated \$400 million of revenues, increasing its market share from 8% to 28%.
- 2006 We reached 40 million votes with their corresponding voting receipts and for the first time in a Venezuelan automated election, both parties validate the results the same Election Day.
- 2007 Organized and executed elections in Curacao in record time.
- 2007 Opening of the Metropolitan Caracas Mayoralty Command and Control Center (Venezuela) which uses Smartmatic technology (USP – Public Safety).
- 2007 The Constitutional Reform Referendum is carried out using Smartmatic technology.
- 2008 SAES takes part in the first fully automated elections in the Philippines, specifically in the Autonomous Region in Muslim Mindanao.
- 2008 The Venezuelan Regional Election is carried out using Smartmatic technology for the seventh consecutive time in Venezuela.
- 2009 The Constitutional Reform Referendum is carried out in Venezuela using 100% Smartmatic technology in all voting centers.



1.4 Corporate Social Responsibility

Smartmatic is a global company contributing to sustainable development through innovation and high value added services.

A major business goal of Smartmatic is to create value by exercising social responsibility; it is entirely consistent that we have a strong community focus. The fundamental motivation of our three technology solutions is the advancement /development desire for the communities we serve. SAES seeks to strengthen democracy around the globe, by providing an auditable, reliable and efficient voting solution. USP aims to diminish the effects of criminality and to preserve life in the event of emergencies, and SIMS is conceived to eliminate identity fraud and the blights on society it creates. We derive our success from exercising our social responsibility in the most innovative and constructive way possible.

Smartmatic's commitment to the community extends beyond the positive impact of our technology solutions. We support a variety of social causes and cultural enrichment programs.

Education is an important target within our community support efforts. The most visible of our community programs is CONNECT, a programming marathon we organize annually since 2006 in collaboration with several universities. In this intense competition, students vie for prizes and prestige producing effective code to solve a particular problem in a high-pressure situation that simulates a real life programming assignment.

These are some of the ways Smartmatic works to benefit the engineering profession and the broader community of which we are a responsible part.

1.5 What we believe

■ Integrity

We are committed to honesty and truth in every aspect of our life, trying to be an example of respect and trust.

■ Candor

We speak our minds to make others understand our objectives and we always ask for feedback in order to improve ourselves.

■ Commitment

We do not give up while pursuing our goals. We value company's achievements as our own.

■ Innovation

We challenge the status quo with unique ideas for continuous improvement.

■ Excellence

We follow the higher standards of quality when delivering our work, and we execute our tasks with diligence.

■ Vision

We understand our goals and translate them into results.

■ Teamwork

We share information openly and promote a sense of belonging to the company to achieve our goals.



II. Smartmatic Business Overview

2.1 Business Concept

Smartmatic designs and deploys technological solutions aimed at helping governments/large enterprises fulfill, in the most efficient way, their commitments with their citizens/clients.

Our mission is to *help societies become more efficient and transparent, through technological innovations*

2.2 Business Model

Smartmatic uses a partner-driven business model. Based on its technology systems, the company works through its subsidiaries and local companies with a global network of partners for creating the most customized products and solutions.

Smartmatic has more than 300 professionals distributed in offices in The United States, Barbados, Venezuela, Spain, Philippines and Taiwan.

2.3 Business Units

Smartmatic is organized along three main business units:

Electronic voting systems: **Smartmatic Auditable Election System (SAES)**

Intelligent and integrated security systems for large enterprises and governments: **Unified Security Platform (USP)**

Advanced solutions for people registration, authentication and census: **Smartmatic Identity Management Solutions (SIMS)**

Over the years Smartmatic has developed a comprehensive insight into each of these businesses, as well as R&D and technology consulting and, it has crafted solid relationships with its customers worldwide.

2.4 Recent Business History

Since August 2004, Smartmatic has successfully organized and performed multiple national and regional elections using an auditable voting solution with a voter-verified paper audit trail in Latin America (eight nationwide electoral events in Venezuela alone), one in the Caribbean and hundreds in the United States (through Sequoia Voting Systems, company divested in November 2007, that remains our current partner to distribute Smartmatic's election technology in the US market). In this period Smartmatic has tabulated 150 million votes, each with a voter verified paper audit trail, hundreds of audits, more than 45,000 voting machines installed in more than 11,000 polling centers at once are some of the statistics that distinguish Smartmatic in its election management skills.

International organizations such as the OAS (Organization of American States), the Carter Center and European Union's Observer Missions have examined Smartmatic's electoral technology several times, and some of their final comments about SAES's performance include: "The automated voting system implemented in Venezuela [SAES] is the most advanced in the world" (EU Electoral Observers Mission Final Report 2006); "The electronic voting system implemented in Venezuela [SAES] is effective, secure and auditable, backed by a technical team matching its advanced technological level" (Mónica Frassoni, EU Mission 2006); "This voting system is designed in such a way that it is not possible to manipulate final results" (César Gaviria, OAS Secretary General, 1994 – 2004).

2.5 Research and Development

During 2007, the SIMS business unit managed a voter authentication project. This project consisted in the collection and processing of fingerprints in order to build a data base of voters able to carry out referendums against elected officials. An automated Biometric Capture System was used to preserve and guarantee the identity of the signatories preserving the integrity of the process. Smartmatic coordinated the automated voter authentication system. In support of an impeachment process for 167 elected officials contemplated in the Venezuelan constitution, Smartmatic deployed 1,570 voting centers, 3,664 reception points, 3,664 biometric equipments, more than 3,500 machine operators, 5,400 data reception employees and about 800 technical personnel. Smartmatic organized and distributed the necessary equipment composed of laptops, fingerprint biometric identification devices and the registers of voters. The event lasted 3 days and more than 12 million voters were registered.

Smartmatic's USP system is currently installed in bank offices and branches in Mexico. Additionally in Caracas, Venezuela, the Metropolitan Mayor launched a multimillion-dollar public safety and health system designed and built by Smartmatic. The project was conceived to process emergency calls in a 'Command and Control Center' for Caracas, a city of more than 6,000,000 inhabitants, based on a robust technological platform.

Smartmatic was awarded the contract to supply the SAES automated election system to the province of Maguindanao, one of the six provinces of the Autonomous Region in Muslim Mindanao (ARMM) in the Philippines. Smartmatic provided its technology to the Mindanao province, and oversaw and facilitated the correct and complete execution of the project for the entire six-province ARMM. In general terms, the project included deploying some 3,050 SAES voting machines and accessories, 274 servers for vote processing and central tally consolidation and reporting; and more than 600 field operators, help desks for contingencies in voting centers, and election management through the guidance of highly qualified personnel, having ample experience in similar projects.

The innovative impulse, the passion to create faster, stronger, better solutions that advance society in significant ways -- These are the forces driving Smartmatic's R&D and Consulting teams.

They are the world-class professionals who work at expanding the realm of what's possible. They form the teams that continuously scour the technology landscape in search of the frameworks, methodologies and processes that spark a brilliant new, large-scale, real life application.

An outstanding example of this is the introduction of a state of the art solution for the most vital part of the democratic process -- the vote. Born of a client's need for expert help to overcome a major challenge and delivered by the insight and inspiration of the R&D and Consulting teams, this application has become the most auditable voting technology ever created. As such it has earned the respect of independent electoral observers, international election authorities and political parties on both sides during some of the toughest, most disputed elections.

This award-winning innovation, like all of our solutions, comes from our conviction that consulting is not an exercise in adapting an existing product for different customers. Rather, we create custom solutions specifically for each client's individual needs by working alongside them to share the experience of bringing complex solutions to life. For us the product development cycle does not stop with deployment on site. We consider it complete only when our client begins to reap the benefits of our combined efforts.

2.6 Worldwide Presence

Smartmatic has a Global Footprint reaching all corners where we can add value to the objective of governments around the world. In the last seven years of operations Smartmatic has:

- Supported the casting of 150 million votes;
- Installed over 300,000 polling stations
- Executed projects in 8 countries
- Active marketing in over 30 countries





III. Smartmatic Product Overview

Smartmatic is responsible for several advanced innovations. The products from *Smartmatic Identity Management Solutions (SIMS)* guarantee top security in collecting and using people's biographic and biometric information. *Smartmatic Auditable Election System (SAES)* automates and unifies the voting procedure, the tabulation process, seat allocation and the results. *The Unified Security Platform (USP)* strengthens the government capacity to respond fast and effectively to citizens' safety and health incidents. All technologies guarantee the necessary security and reliability in complex solutions such as biometric registration of people, elections or public safety programs.

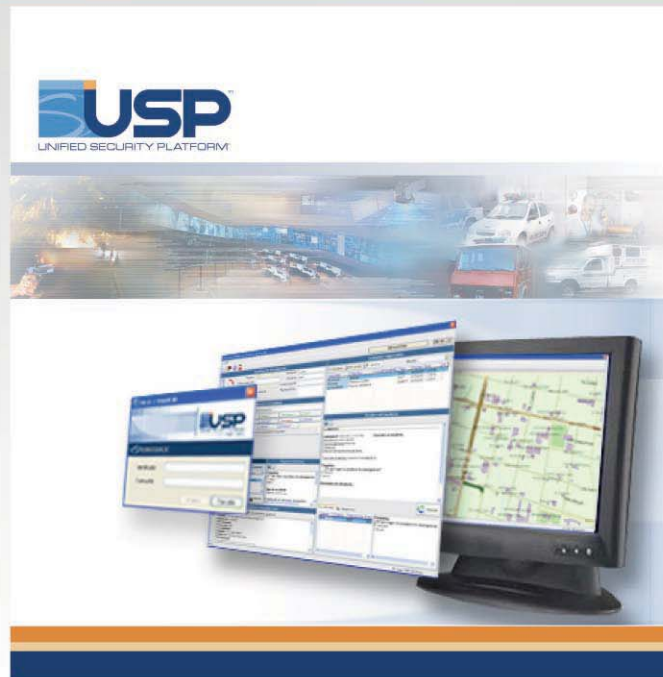


3.1 SAES Smartmatic Auditable Election System

SAES is the most reliable and auditable automated voting system in the industry. Each SAES machine has a printer capable of issuing reports and voting receipts which help electors, verify if their vote was registered correctly. Besides voting becomes an easy task for handicapped people through different functions and special features. SAES has been validated by renowned international organizations such as the Carter Center, the Organization of American States (OAS) and the European Union.

The SAES platform includes different security mechanisms. Some of these features include the generation of a public key infrastructure (PKI) using strong 2048-bit digital certificates that identify each and every entity within the SAES infrastructure, this key is unique per electoral process.

Main products: SAES3000; SAES3300; SAES4000; SAES2800; SAES1800; SAES888; Electronic ballot; Electoral Management System (EMS); Election Day Management Platform (EDMP).

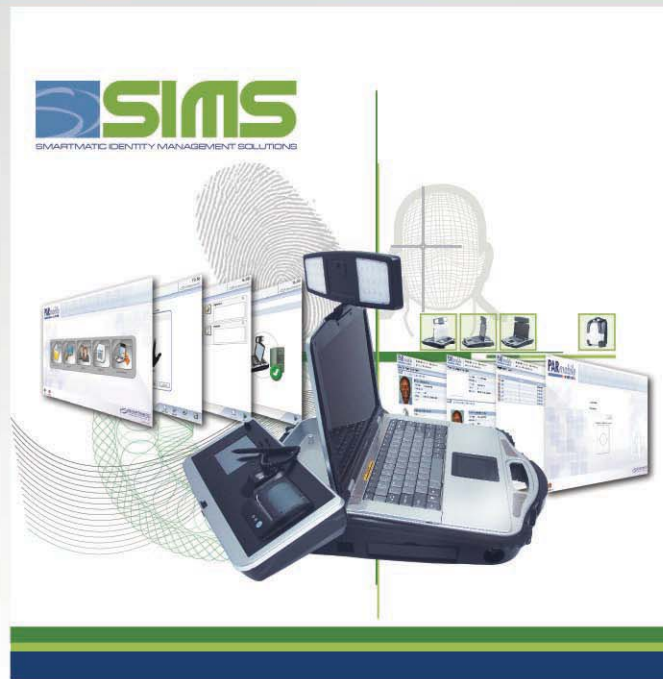


3.2 USP Unified Security Platform

USP (Unified Security Platform) is a comprehensive answer to the serious challenge of ensuring public safety, effectively and economically. This flexible and scalable platform, designed to manage, configure, automate, and monitor safety devices across wide geographical areas, can be completely customized to specific needs. Consistently effective from first alert to mission accomplished USP contains all the capabilities necessary to implement successful public safety programs and mobilize rapid response for optimum results. Its rich feature set and ease of use facilitates mission critical coordination of all parties involved in emergency response and disaster management.

USP allows heterogenic interconnection of different devices, unifying for the first time in the most efficient way all security modules: emergency call aid, dispatch of mobile units, CCTV and telemetry, backed-up by statistics and data analysis.

Main Components: Communications, control and command center; USP-SmartCAD emergency handling and dispatchment; Vehicular Tracking; Closed Circuit Television (CCTV); Telemetry. Critical Areas Monitoring.



3.3 SIMS Smartmatic Identity Management Solutions

SIMS offers a portfolio of products and services to support government institutions in the implementation of identity management, authentication processes and census: identity card programs, immigration and border control, welfare and social benefit distribution programs, civil and voter registration. With SIMS, reliable people registration, authentication and census projects are carried out in record time.

SIMS cutting-edge technology is flexible and can be adapted to medium and large scale projects guaranteeing data accuracy and security. It also minimizes the chances of irregularities, efficiently stores each person's record, simplifies the registration process, reduces costs in training and deployment and provides a quick method for personal data capture and document printing.

Main Business Applications: Voter registration; Voter authentication; National identification programs; Civil registration; Border control (ports and airports); Identity document production and issuance; Registration for social benefit programs; Population censuses.



IV. Smartmatic Structure Overview

4.1 Investors

The Board of Directors of the subsidiaries of the Smartmatic Group is comprised by Antonio Mugica Rivero (CEO), Roger Piñate (COO), Jorge Massa, and professional local directors depending on each specific subsidiary.

The owners of Smartmatic, since its foundation in 2000, have been the Mugica, Piñate, Anzola and Massa families, holding approximately 88%+ of Smartmatic's stock; 10% of the remaining stock correspond to the Stock Incentive Program for employees who have become shareholders; and 2%+ of the stock is held by angel investors.

4.2 Officers and Executives



Antonio Mugica

Chief Executive Officer

Electronic Engineering, Simon Bolivar University. Mugica was previously the Director of Panagroup Corporation. He created Smartmatic's vision and holds over nine pending patents under his name in the United States of America.



Roger Piñate

Chief Operating Officer

Electronic Engineering, Simon Bolivar University. Responsible for the creation and supervision of Smartmatic's production strategy and industrial design processes.



Armando Yañes

Chief Financial Officer

Master in Business Administration, University of Tampa (Florida, USA) and Economist from the Catholic University of Argentina. Over 32 years of international experience in finance and strategic planning with Verizon (successor of GTE). Yañes held the senior positions of CFO & SVP in CANTV (Venezuela 2000 – 2007), and of CFO & SVP in China (1995-2000). Before, he held positions of increasing responsibilities in Argentina, Chile, Colombia and United States.



Robert Cook

Senior VP International Sales

Business Administration, Wittenberg University. He was President of Unisys Corporation's Latin America and Caribbean Division, in addition to serving variously as President of Unisys Brazil, Unisys Mexico and Vice-President of Marketing Operations for Asia/Pacific and the Americas. Cook has over 36 years of experience in the areas of technology, finance, sales, and general management.



Edgar Zorrilla

Advisor to the CEO

Mr. Zorrilla holds a bachelor in Computer Science and a post graduate degree in Business Administration from Universidad Central de Venezuela. Prior to joining Smartmatic, he was Vice President of Latin America Division for Internet Security Systems ISS; Consulting Practice Director for Network Integration and Information Security Practice Director in the Latin America Division of Unisys Corporation.



Keith Stringfellow

President Smartmatic US

Business Administration, W. Texas A&M University. Most recently he was Vicepresident of Capgemini's Eastern region Business Management Practice and previously was President and CEO of Previstar, an emergency management and command and control software company serving US government and military. General Manager of Unisys, North America. Stringfellow has 35 years experience in the areas of business and management consulting, technology, product development and management, systems integration, outsourcing, sales and general management.



Ramón Ramírez

VP International Sales

Electronic Engineer, Simon Bolivar University (Caracas, Venezuela), enrolled in the Management Development Program for Senior Executives in Lausanne, Switzerland. Ramirez has more than 30 years of experience, especially in the Telecommunications area in multinational companies such as Cantv, Movilnet, Caveguías, Siemens, among others.



Jorge M. Vásquez

VP External Operations

Computing Engineer, Simon Bolivar University. Over 25 years of experience in technology, information systems, business management, product design & management, procurement & manufacturing, technology-to-market business. Mr. Vasquez was the Product Business Director for Acer Latin America for several years, nowadays is a Senior Manager with a long experience working with an extensive chain of providers around the world, and servicing customers in USA, Latin America and Asian markets.



Eduardo Correia

VP Program Management

Computing Engineer, Simon Bolivar University. Co-designer of the Smartmatic Automated Election System (SAES) and the business management system Real-time Enterprise Suite. Within Smartmatic, his responsibility is to guarantee the application of the device networking vision in every company development, following cutting-edge practices on the market.



Víctor Ramírez

VP International HR

Industrial Relations, Andres Bello Catholic University. At Smartmatic, Mr. Ramírez is responsible for definition and execution of human resources strategy; including the development and implementation of HR subsystems and policies within the global Organization. Prior to joining Smartmatic, he worked for Novartis Venezuela as C&B Manager for Andean Region and Compensation- HR Administration Manager, at Panagroup as Project Consultant and at Easy Survey Corporation (Current Mercer) as Consultant.



Cesar Manduca

Director SFS

Bachelor of Science in Business Administration from Metropolitan University (Caracas, Venezuela) and MBA from Yale University (New Haven, USA). Manduca counts with more than 12 years of experience in investment banking, in such important organizations as the Deutsche Bank AG in London and Citibank in Venezuela.



Chandler Molina

General Counsel

Attorney from Central University of Venezuela, with studies in Civil Procedure and Taxation, Master in Comparative Jurisprudence from New York University (USA) and Advanced Management Program from IESA School of Management (Caracas, Venezuela). Molina has worked in the legal departments of important companies such as PDVSA, CANTV and Movilnet through 18 years.



Carolina Caruso

International Business

Attorney from the Andres Bello Catholic University (Caracas, Venezuela), to which she added a Fiscal Planning Management Program in Metropolitan University (Caracas, Venezuela). In Smartmatic, Caruso has led the legal and tax structure for the International Business Company. Previously, Caruso worked in an important law firm where she focused on corporate and tax legislation and regulations.

4.3 International Presence

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